

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

H.R. 2133 - To Amend the Small Business Act



STAT FROM:		EXTENSION		DATE	
A. [Redacted] Chief		[Redacted]		01 3031-84	
Procurement Management Staff/OL		[Redacted]		03 APR 1984	
TO: (Officer designation, room number, and building)		DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
		RECEIVED	FORWARDED		
1.	C/L&PLD/OGC	4/3/84	4/3/84	JWH	<p>After meeting with you and writing the attached, I learned that [Redacted] had provided 2 1/2 pages of comments to [Redacted] on this H.R. While I feel that a coordinated response from ourselves and Logistics and Procurement Law Division/OGC would have been preferable, we endorse his comments.</p> <p>[Redacted]</p> <p>Attachment</p> <p>[Redacted] 25X1</p> <p>[Redacted] 25X1</p>
2.					
3.	[Redacted] OLL/LD				
4.	7B02-Hqs				
5.	1206: FYI				
6.					
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0 9 APR 1984

STAT MEMORANDUM FOR:   
Liaison Division  
Office of Legislative Liaison

STAT FROM:   
Chief, Procurement Management Staff  
Office of Logistics

SUBJECT: H.R. 2133 - To Amend the Small Business Act

STAT

1. In confirmation of our discussion of 30 March 1984, the subject H.R. could be an enormous problem in terms of security and resources. We have previously gone on record with Office of Management and Budget (OMB) that, while we endorse and support the spirit of small and minority business activities, we do not have a formal program. We do not have a small business office, a small and disadvantaged business utilization administrator, an outreach program, or even one single staffer assigned to this area. We have also advised OMB that, while we do not have a formal program, our record of contracting with small business is quite good and compares favorably with other agencies.

2. Counsel has opined that our CIA Act and other applicable enabling statutes have granted the Agency special authorities which relieve us of mandatory compliance with small business statutes. We will continue to support the spirit of small business legislation but, without substantial changes to our system, additional manpower, and relief from the need to protect sources and methods, we cannot implement a formal system.

3. Our recommendation is that we make no comment on H.R. 2133. At the same time, we ask that you make certain that someone from the Intelligence Community Staff or elsewhere does not commit us to a course of action with which we cannot comply.

STAT



5031-84

1HG SUBT

30 MAR 1984  
30 MAR 1984

MEMORANDUM FOR: Deputy Director for Administration  
Deputy Director for Intelligence  
Deputy Director for Operations  
Deputy Director for Science and Technology  
Administrative Officer, DCI Area

FROM: Daniel A. Childs, Jr.  
Comptroller

SUBJECT: ADP Acquisition Policies

25X1

1. During their review of the fiscal year 1984 budget, the House and Senate Appropriations Committees became concerned about the effectiveness of certain practices used in the acquisition of automatic data processing (ADP) equipment in the Department of Defense and Intelligence Community. As a result of their concern, they included the following recommendations in their 1984 budget appropriation report (see attachment A):

- a. All ADP equipment is to be purchased outright, unless a lower cost method of acquisition is available.
- b. Acquisition of ADP equipment is to be accomplished through direct competition of interested vendors, unless alternative procedures are warranted by a "national exigency to support a time-sensitive program of the highest national priority."
- c. A comprehensive audit of all ADP equipment is to be performed to develop an equipment inventory, and to determine equipment for which continued lease or installment purchase is no longer economical.
- d. A comprehensive training and advisory program is to be implemented to ensure that ADP contracting officers have sufficient expertise to protect the Government's interests.
- e. A program is to be initiated to buy out all ADP equipment not owned.
- f. No exceptions are to be made from competitive acquisition or outright purchase without the express approval of senior Agency ADP management. "Exceptions are not to be justified by lack of necessary procurement funds or time-sensitivity."

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2. With respect to the Intelligence Community, the committees requested a report be prepared by each Community member on the impact of the recommendations. We participated in an Intelligence Community appeal for an exemption from a preliminary version of the recommendations (see attachment B), and made a direct appeal of our own, but the appeals were rejected. Congress then directed the Agency (see attachment C) to submit a report by 1 July 1984 reviewing existing and proposed ADP systems in light of the recommendations. We will submit, if necessary, a report on 1 July, but we also plan to (1) submit another Agency appeal directly to the Appropriations Committees seeking a general exemption from the recommendations, and (2) participate in a second Community appeal. To prepare these appeals and the report, if required, we will need support from your components. [redacted]

25X1

3. First, we need information from components on the costs of buying out ADP equipment now rented, leased, or under any kind of installment purchase plan. Please submit this information on the forms provided (attachment D). We will use your information to perform a comparative economic analysis and identify any equipment for which a buy-out would be cost-effective. Because we will not include word processing equipment (for example, the Wang Alliance system) and we are setting a \$50,000 purchase price cut-off for equipment to be reported, only a small number of components should be involved (see attachment D for more information). [redacted]

25X1

4. Second, we need your assessment of what harm these recommendations will do to your program. We especially want to hear from NPIC and ODP on the impact of a policy precluding leases and installment purchases, and from OL on the implications of drastically limiting sole source procurements. All components are encouraged to comment on any aspect of the recommendations, however. [redacted]

25X1

5. Third, we will need a response from OL on the requirements for and feasibility of an enhanced training program in ADP procurement for contracting officers. [redacted]

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6. Finally, the Agency must ensure that an inventory of its ADP equipment is available. The maintenance of such an inventory is an ODP responsibility [redacted] but each office must review its own inventory of ADP equipment and be sure that ODP has up-to-date information. [redacted]

25X1

7. We would like your responses by 1 May 1984. At that time, we will prepare our Agency appeal with the goal of obtaining a general exemption from the Congressional guidelines. We subsequently will prepare the detailed impact report that Congress requested only if our appeal fails. [redacted]

25X1

[redacted]  
Daniel A. Childs, Jr.

25X1

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**Attachments:**

- A. 1984 Conference on DoD Appropriations (Excerpts)**
- B. Memo, HAC Recommendations on ADP Acquisition  
(Compt 83-1122)**
- C. Classified Annex Conference Committee Report (Excerpts)**
- D. ADP Equipment Inventory Forms and Notes**

SUBJECT: ADP Acquisition Policies

Distribution:

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STAT O/Compt/IHG  (28 Mar 84)

Attachment A

MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1984

NOVEMBER 15, 1983.—Ordered to be printed

Mr. ADDABBO, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 4185]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4185) making appropriations for the Department of Defense for the fiscal year ending September 30, 1984, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered S, 9, 10, 12, 16, 22, 24, 31, 32, 38, 44, 47, 48, 51, 56, 58, 59, 62, 76, 78, 82, 84, 87, 95, 96, 100, 108, 113, 116, 117, 120, 121, 127, 128, 140, 144, 147, 162, 164, 165, 166, 171, 195, 204, 209, 210, 212, and 213.

That the House recede from its disagreement to the amendments of the Senate numbered 13, 14, 18, 19, 20, 23, 25, 26, 27, 28, 29, 33, 34, 35, 36, 40, 41, 43, 49, 52, 54, 60, 63, 66, 68, 79, 81, 83, 89, 94, 97, 98, 99, 102, 104, 114, 123, 126, 129, 131, 132, 135, 154, 155, 159, 160, 174, 175, 177, 182, 187, and 188, and agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$1,361,150,000; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$1,882,980,000; and the Senate agree to the same.

27-4730

(1)

	Budget	House	Senate	Conference
Appropriation mix.....	\$1,500	32,950	65,900	45,700
Average strength adjustment.....	1,750,530	1,250,530	1,275,430	1,250,530
All other items.....	257,185	257,185	257,185	257,185
Total National Guard personnel Army.....	1,557,100	1,557,950	1,577,500	1,551,920

#### NATIONAL GUARD PERSONNEL, AIR FORCE

Amendment No. 12: Appropriates \$529,100,000 as proposed by the House instead of \$604,400,000 as proposed by the Senate.

The conference agreement on items addressed by either the House or Senate is as follows:

	(in thousands of dollars)			
	Budget	House	Senate	Conference
VMA.....	22,573	8,173	8,173	8,173
Fiscal year 1984 pay raise.....			15,300	
All other items.....	580,527	580,527	580,527	580,527
Total National Guard personnel, Air Force.....	583,500	588,100	604,400	587,100

#### TITLE III—OPERATION AND MAINTENANCE

The following items addressed by the conferees apply to more than one operation and maintenance appropriation of the Department of Defense:

##### APPROPRIATION BY BUDGET ACTIVITIES

The authorization conference recommended O&M authorization levels at the budget activity within each appropriation but specified that the Department of Defense should retain certain flexibilities for transfers. The Appropriations Bill as passed the House recommended specific budget activity amounts within each appropriation while the Senate version recommended appropriation at the O&M account level as historically has been the case.

The conferees agree that appropriation at the budget activity level would unnecessarily inhibit the required flexibility in the Department of Defense for executing a complex operating budget during the course of the fiscal year. As a result, the conferees agree to appropriate at the account level rather than by specific budget activity. The conferees have worked diligently to ensure that each of the individual items being addressed in the conference are within the authorized limits.

##### ADP equipment acquisition

Both the House and the Senate criticized the management of ADP equipment acquisition in DOD. The House recommended a re-



duction of \$550,000,000 in operation and maintenance accounts and provided \$150,000,000 for establishment of a special fund to buy ADP equipment currently being leased.

The conferees agree to a reduction of \$150,000,000 to the operation and maintenance accounts to reflect savings from increased competition and reduced leasing, and to provide \$150,000,000 to the Defense Industrial Fund to buy out existing leases as recommended by the House. The Conferees recognize that the revolving fund allowance is sufficient to begin a modest buy-out program. It is expected that the fiscal 1985 request will include additional funding to accelerate the purchase of leased ADP equipment where it is cost efficient to do so. As a means to replenish the revolving fund, the Department may wish to use an amortization schedule to annually reimburse the Defense Industrial Fund for a portion of the purchase value of the ADP equipment. This formula should assure the buy-out of most ADP equipment within five years.

The Department is expected to adhere to the following ADP management procedures:

1. All acquisition of ADP components will be purchased outright, unless cognizant ADP and contracting officials can justify a method of acquisition and financing that will produce the lowest total overall cost to the Government.

2. Consistent with longstanding guidance from the Congress, all acquisition of ADP equipment in DOD will be done in a manner that will achieve lowest total overall costs to the government; normally this will be accomplished through competition, unless warranted by a national exigency to support a time-sensitive program of the highest national priority; acquisition is not to be considered competitive solely on the basis of inclusion on the GSA ADP schedule.

3. A comprehensive audit of all ADP equipment in DOD will be performed to ensure that DOD is not continuing to pay rent on equipment already owned, to determine accrued purchase credits on existing leased systems, and to form an inventory baseline so that ADP equipment excess to requirements in one activity can be transferred to another activity with an existing deficiency, provided that doing so does not perpetuate obsolescence. Leased ADP equipment that is obsolete will not be purchased if replacement is planned within two years and resources have already been identified in the Five Year Defense Plan.

4. A comprehensive and immediate training and advisory program is to be implemented to ensure that DOD contracting officers have sufficient ADP expertise to protect that Government's interest and to better understand internally developed ADP requirements in order to perform the most effective acquisitions.

5. A program is to be initiated to provide for the economic buyout of existing ADP equipment in use by DOD but not owned by DOD. By April 1, 1984, the Defense Department will submit to the Congress an action plan for implementing and resourcing this initiative.

6. Finally, no exceptions are to be made for competitive acquisition or outright purchase except with the specific case-by-case approval of the component Senior Information Resource Management (IRM) officials or their designees. These exceptions, however, are

not to be justified by lack of necessary procurement funds or time-sensitivity. The exceptions will be reported to Military Department Senior ADP officials (OSD for Defense Agencies) on a quarterly basis. The department's Senior ADP Officials will be prepared to justify exceptions to the Congress when requested.

#### *Stock fund accounting change*

Both the House and the Senate directed DOD to record obligations at the time customer orders are placed against the stock fund. However, the House directed implementation on September 1, 1984, while the Senate directed implementation prior to the end of the fiscal year. Conferees agree that the Department should implement this accounting change prior to the end of the fiscal year as directed by the Senate.

#### *Industrial plant equipment*

The conferees agree to permit the Department of Defense to budget for industrial plant equipment in the customer operation and maintenance accounts as recommended by the Senate, and agree to provide a total of \$414,500,000 instead of \$364,500,000 as recommended by the House and \$564,500,000 as recommended by the Senate.

The conferees fully support the modernization of the industrial plants of the Department of Defense. However, the many layers of bureaucracy between these industrial activities and the Congress have provided poor justification for such an important and expensive program. A significantly better job must be done by the Department of Defense in fiscal year 1985 of supporting the request for these funds. Since DOD has testified that the individual industrial activities each have a plan and are free to allocate these resources based upon the critical needs of that individual activity, in conjunction with submission of the fiscal year 1985 budget request the Department will present the plan for each activity identifying major equipment problem areas; expected productivity improvements from a strengthened equipment replacement and improvement program; funding levels for fiscal years 1983, 1984, and 1985; and the estimated funding requirement to modernize industrial plant equipment at each activity over a ten year period starting in fiscal year 1985. The conferees agree that funds provided for fiscal year 1984 are to be managed and expended by the industrial activity without further review of higher authority.

#### *Spare and repair parts procurement management*

The conferees agree that management of spare and repair parts procurement in the Department of Defense needs to be strengthened, and agree to provide \$15,000,000 for 700 additional man-years. However, the conferees agree to allocate this amount equally across the military departments rather than only to the Air Force as recommended by the Senate. The conferees also agree that this increase is to be used to strengthen supply system procurement management at the inventory control points in the supply systems of each military service. The increase being provided by the confer-



Washington, D. C. 20505

Attachment B

7 NOV 1983

MEMORANDUM FOR: Chairman, Information Handling Committee

FROM: Daniel A. Childs, Jr.  
Comptroller

SUBJECT: House Appropriations Committee (HAC) Recommendations on  
ADP Acquisition

Six recommendations on ADP acquisition were enunciated by the HAC in the unclassified report accompanying the fiscal year 1984 Defense Appropriation Bill. Though their applicability to CIA is still somewhat unclear, and we feel strongly that the Agency should and will be excluded from some of the provisions of the report, we have made a preliminary assessment of their impact. (U)

1. Beginning in fiscal year 1984, all ADP components are to be purchased outright rather than leased.

Agency mainframe computer systems are generally procured under installment purchase plans or lease arrangements. Use of installment purchase plans (specifically annual payment plans) is typically required because funding limitations generally preclude outright purchase. The Office of Data Processing (ODP) uses this method. Alternatively, lease is preferred when the ADP equipment is estimated to have a limited systems life due, for example, to changing technology. The National Photographic Interpretation Center (NPIC) leases many of its Univac mainframes. FY 1984 and FY 1985 budgets were based on the continuation of installment purchase plans and lease agreements and the use of these approaches for planned new acquisitions. HAC strictures precluding plans other than purchase would severely disrupt these FY 1984 and FY 1985 funding profiles. A detailed study would be required to estimate additional funding requirements so that installed and new equipment could be procured through outright purchase only, but it appears that at least an additional  be needed in 1984. Without these additional funds, critical planned acquisitions

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25X1 would have to be postponed. Funding over the next several years would also have to be increased to meet purchase requirements for new capacity. (Savings--basically interest--would be realized only gradually). [ ]

25X1 In our experience, lease arrangements are, in certain circumstances, in the best interest of the government. When judiciously used, leasing can provide important flexibility to program managers. It can reduce the risk of technical obsolescence and provide a mechanism for meeting short-term requirements. Moreover, leasing can reduce the risk of absorbing new technology. It can provide the mechanism whereby new technology can be fully evaluated in an operational environment before significant financial commitments are made. In short, leasing is preferred when ADP equipment is expected to have a limited systems life. Existing regulations require that procurement options be evaluated with respect to achieving the lowest overall evaluated cost over the systems life. This approach is conceptually sound. Outright purchase cannot, a priori, be assumed the most advantageous approach. A detailed cost analysis is always required. [ ]

25X1 2. Acquisition of ADP equipment is to be accomplished through direct competition of interested vendors. [ ]

ADP acquisition is accomplished according to existing procurement regulations. Competition is clearly the preferred approach. Sole source procurements, however, are permitted under special circumstances outlined in the regulations. In the Agency arena, security and operational concerns also may require that competition be limited in certain situations. The Agency should not be forced to undertake competition for competition's sake when it is clear that only one vendor can satisfy an Agency requirement. Currently, a board of senior Agency officers, the Agency Contract Review Board (ACRB), approves all procurements over \$500,000. The ACRB is advisory to the Director of Logistics, who is ultimately responsible for the integrity and effectiveness of the Agency procurement system. We believe these procedures provide the appropriate checks and balances on the procurement process. The \$500,000 threshold is a reasonable one for review. Existing procurement regulations provide an appropriate balance between the government's desire to encourage competition and the requirement to acquire ADP equipment and services that meet both substantive needs and appropriate resource management criteria. [ ]

25X1 3. A comprehensive audit of all ADP equipment is to be performed. [ ]

25X1 [ ] ADP Management and Administration, requires the Office of Data Processing to maintain an Agency-wide ADP equipment inventory. Due to resource constraints, ODP has not always been able to keep this inventory current. A project to update this inventory has been established and is currently underway. [ ]

25X1 ODP also manages the Agency excess ADP equipment reutilization program. All excess ADP equipment is identified to ODP, and ODP attempts to arrange for its reutilization. Equipment that has no alternative Agency use is turned over to the Office of Logistics for transfer to the General Services Administration. The Agency excess ADP equipment program has been working very effectively for many years now. Finally, with the assistance of the

25X1 cognizant contracting officer, most components regularly review their local equipment inventories for cost saving opportunities through lease-to-purchase conversion. We would support renewed emphasis on this responsibility. [ ]

25X1 4. A comprehensive training and advisory program is to be implemented to insure that contracting officers have sufficient ADP expertise to protect the government's interest. [ ]

25X1 We would support an enhanced level of training for Agency contracting officers. The current problem with training relates to the pressing procurement workload. If the workload per person were reduced by obtaining additional positions, a more comprehensive training program could be implemented. [ ]

25X1 5. A program is to be initiated to buy out all existing ADP equipment not owned. [ ]

25X1 As discussed earlier, further study will be required to estimate the funding implications of a buy-out. We have substantial equipment under annual payment plans (APP's---essentially installment payment plans) and under lease. Our preliminary estimate is that we would require [ ]  
25X1 [ ] in FY 1984 alone. It should be emphasized, however, that for some  
25X1 of this equipment a buy-out may not be advantageous, due to the equipment having a limited systems life. [ ]

25X1 6. No exceptions are to be made for competitive acquisition or outright purchase except with the specific case-by-case approval of senior ADP officials. [ ]

25X1 As indicated earlier, we believe our current procedures are already in substantial compliance with this recommendation. [ ]



**SUBJECT: House Appropriations Committee (HAC) Recommendations on  
ADP Acquisition**

**Distribution:**

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25X1

O/Compt/IHG,  (7 Nov 83)

Statement of the Committee on Conference  
to accompany the Conference Report on HR 4185, 16 Nov 1983

Attachment C.

~~TOP SECRET - CODEWORD~~

ADP (Automated Data Processing) ACQUISITION

The House recommended substantial changes in the manner in which the DoD should acquire its equipment for ADP (Automated Data Processing) which were described in the unclassified report (pages 53-60) accompanying the House version of the fiscal year 1984 Defense Appropriations bill. The classified annex to the House Report stated that the general thrust of the House recommendations should be applied to ADP systems in the National Foreign Intelligence Program (NFIP) and in DoD's Tactical Intelligence and Related Activities (TIARA) when feasible. The House classified annex also stated:

"The Committee recognizes that certain computer operations in the intelligence community, especially those of the National Security Agency, have unique applications which do not fall into the two general categories of DoD computers ... Nevertheless, the fact that certain ADP systems in the intelligence community have unique applications should not necessarily exempt them from all or any of the above mentioned recommendations .... However, because of the unique application of certain ADP systems in the intelligence community, the Committee recognizes that carrying out these recommendations may not be prudent in all cases."

(underlining for emphasis)

The appeals by the intelligence community against the House language appear to be directed against the language contained in the unclassified House Report. For example, the appeal letter of the Director of Central Intelligence stated:

"Unique intelligence requirements preclude carrying out the House recommendation in many cases."

This letter also stated: "A preliminary assessment of the impact of the House ADP provisions indicates that NSA, CIA, and other NFIP organizations, should be excluded from most of the provisions of the report." (underlining for emphasis)

~~TOP SECRET - CODEWORD~~

~~TOP SECRET - CODEWORD~~

The CIA appeal on this matter stated:

"... we feel strongly that the Agency should and will be excluded from some of the provisions of the report."

The CIA appeal also stated: "... further study will be required to estimate the funding implications of a buy-out" (underlining for emphasis)

It would appear that the appeals of the intelligence community are substantially in accord with the language contained in the House classified annex which modifies the provisions contained in the unclassified report in so far as they affect the intelligence community.

The conferees strongly believe that special procedures and maximum flexibility are essential to the maintenance of a healthy and responsive intelligence collection and processing capability, and the conferees fully realize that state-of-the art research and development in the ADP area is absolutely essential. In order to achieve these objectives, it may be that the intelligence community agencies should be exempt from the ADP changes recommended by the conferees in the unclassified report accompanying the fiscal year 1984 DoD Appropriations Act. However, it is not firmly established at this time which intelligence entities should be excluded from some or all of the provisions. Accordingly, the conferees concur in the House language directing the DCI and the Office of the Deputy Under Secretary of Defense, Communications, Command, Control and Intelligence (C<sup>3</sup>I) to each prepare a report for the House and Senate Appropriations Committees regarding the ADP systems in the NFIP and TLARA programs for which they are respectively responsible. These reports should review the existing and proposed ADP systems in light of the conferees' direction concerning ADP acquisition as set forth in the Statement of the Managers. The reports should address the applicability of the recommendations to specific ADP programs and the measures being taken to effect their implementation. Conversely, the reports should also address the programs which should be exempted from the recommendations, either in whole or in part, and the reasons for such exemptions. These reports should be submitted to the House and Senate Appropriations Committees no later than July 1, 1984.

~~TOP SECRET - CODEWORD~~



ADMINISTRATIVE-INTERNAL USE ONLY

## Attachment D

## General Notes on ADP Equipment Inventory Forms (A, B &amp; C)

1. All general purpose ADP equipment that will be under a CIA lease or installment purchase plan during at least some part of the last three quarters of FY 1985 should be reported. This includes equipment under the following procurement plans: lease, lease to ownership, lease with option to purchase, annual or alternate payment, or other type of installment purchase plan.
2. Do not report:
  - Special purpose or embedded systems.
  - Equipment that will be Government-owned prior to 1 January 1985, even if formerly leased or under an installment purchase plan.
  - Word processing equipment (including Wang Alliance systems).
  - Miscellaneous equipment with a 1 January 1985 purchase price of less than \$50,000. However, if several similar items are procured under the same terms, report this equipment if the aggregate purchase price is equal to or exceeds \$50,000. (For example, report as one line item 25 identical terminals that are leased even if they may be purchased for \$2,000 each on 1 January 1985).
3. Equipment may be clustered into systems or groups of items and reported on one line if 1) the equipment is being procured under the same plan, and 2) the equipment has the same system life. (For example, a string of leased disk drives, all of which will be released in 12 months, may be reported as a single line item).
4. Based on the data from forms A and B, the Comptroller's Office will perform an economic analysis to determine what equipment it will be economically advantageous to purchase outright on 1 January 1985 in lieu of continued lease or installment purchase. If there are reasons other than lack of funding why this equipment should not be purchased, even if economically advantageous, describe these reasons on the forms in the "Comments" column.
5. On Form C describe the impact of a prohibition on lease and installment purchase for major systems entering the inventory after FY85 (that is, equipment not reported on forms A and B).
6. Duplicate forms as necessary. Forms should be classified, as appropriate.

ADMINISTRATIVE-INTERNAL USE ONLY

Approved For Release 2008/12/08 : CIA-RDP86B00338R000200260014-9

Form C: Outyear Procurement Plans

Component:

Contact:

Ext.: (Secure)

Major System

Installation  
Date

Proposed  
Procurement Plan

Impact of  
Outright Purchase

\*Provide funding impact estimate if known.

Approved For Release 2008/12/08 : CIA-RDP86B00338R000200260014-9

Notes on Form B, (Inventory of ADP Equipment Under  
an Installment Purchase Plan)\*

1. Equipment may be clustered in logical groupings if plan and system life are identical. Provide serial numbers of equipment in the cluster if practicable. See "General Notes" for types of equipment to be included.
2. Estimated purchase price as of 1 January 1985--generally interest since last payment plus outstanding principal.
3. Payment, if any, owed between 1 October 1984 and 31 December 1984.
4. Payments on installment purchase plan owed in indicated fiscal year. For FY 1985, see note 5 below.
5. FY 1985 payment, if any, owed between 1 January 1985 and 30 September 1985.
6. Provide any comments on data as appropriate. Also comment if you believe there is a rationale for not purchasing equipment outright, assuming funds are available.

\*Keyed to footnotes.

ADMINISTRATIVE INTERNAL USE ONLY

B: \_\_\_ of \_\_\_

Form B: Inventory of ADP Equipment Under an Installment Purchase Plan\*,\*\*

Component:

Contact:

Ext.:

(Secure)

<u>Equipment (1)</u>	<u>Estimated Purchase Price (\$) (2)</u>	<u>FY 85 Payment (1 Jan 85)(3)</u>	<u>Outstanding Payments (\$) (4)</u>					<u>Comments</u>
			<u>FY 85(5)</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	

\* See "General Notes on ADP Equipment Inventory Forms," and attached "Notes on Form B" for footnotes (1) - (5)

\*\*Installment purchase includes annual and alternate payment plans (APP's).

Notes on Form A, "Leased ADP Equipment Inventory\*\*"

1. Equipment may be clustered in a logical grouping if lease arrangements and system life are identical. Provide serial numbers of equipment in clusters if practical (see "General Notes" for type of equipment to be included).
2. Include monthly maintenance cost in the lease cost, if maintenance is priced separately from the lease. Indicate equipment being procured under a lease-to-ownership plan (LTOP) in the "Comments" column. For LTOP equipment, indicate in the "Comments" column the number and amount of monthly payments due past 1 January 1985 until the equipment reverts to Government-ownership.
3. Monthly maintenance cost data are required for lease versus purchase analysis to be performed by O/Compt.
4. Provide the estimated purchase price as of 1 January 1985. Be sure to subtract any accumulated purchase option credits.
5. System life is the estimated number of months beyond 1 January 1985 equipment will be in productive use (used in lease versus purchase analysis performed by O/Compt).
6. Provide any comments on data as appropriate. Also comment if you believe there is a rationale for not purchasing equipment, assuming purchase is more cost-effective and funds are available. Also indicate if equipment is being procured under a lease-to-ownership (LTOP) plan. Note the number and amount of monthly payments beyond 1 January 1985 until equipment reverts to Government-ownership.

\*\*Keyed to footnotes on Form A.

ADMINISTRATIVE-INTERNAL USE ONLY